

Message Text

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ORIGIN NEA-12

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 SCS-03 AID-20 FDRE-00 HEW-08 SCA-01 OMB-01

TRSE-00 AGR-20 SAJ-01 /160 R

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NEA:LBLAINGEN

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FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

INFO AMEMBASSY DACCA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY ISLAMABAD

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 157259

E.O. 11652:

TAGS: PFOR, EAID, CE

SUBJECT: AMBASSADOR KANAKARATNE'S CALL ON ASST SEC SISCO

1. SUMMARY. ON AUGUST 7 AMBASSADOR KANAKARATNE CALLED
ON ASSISTANT SECRETARY SISCO TO PRESS SRI LANKA'S REQUEST
FOR FOOD ASSISTANCE. HE ALSO DELIVERED A LETTER TO THE
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SECRETARY REQUESTING US SUPPORT FOR DR. GAMANI COREA AS

SUCCESSOR TO DR. PEREZ-GUERRERO AS SECRETARY-GENERAL OF UNCTAD. OTHER DISCUSSIONS COVERED THE INDIAN OCEAN INCLUDING SOVIET AND INDIAN POLICIES IN THE AREA AND DEVELOPMENTS IN KABUL, BANGLADESH, PERSIAN GULF, AND THE MIDDLE EAST. DE ALWIS AND GNEHM ALSO PRESENT.

2. PL 480. AMBASSADOR KANAKARATNE EXPRESSED CONTINUED GSL CONCERN OVER THE FOOD CRISIS IN HIS COUNTRY. HE STATED THAT EACH DAY THE SITUATION SEEMS TO BECOME MORE CRITICAL. HE NOTED THE PRICE OF US WHEAT HAD PASSED DOLS 4 MARK AND, IN FACT, GENERALLY UNAVAILABLE ON THE MARKET. MORE AND MORE COUNTRIES HAD JOINED THE BUYING SPREE. HE HAD FLOWN TO OTTAWA TO SEE PRIME MINISTER BANDARANAIKE AND SHE HAD ASKED THAT HE BE IN CONTACT AGAIN WITH USG ON THIS MATTER. KANAKARATNE REPEATED SITUATION WAS DESPERATE. BOTH THE COMMON MARKET AND CANADA NOW HAD PROHIBITED EXPORT OF WHEAT. THE WORLD RICE SITUATION WAS IMPOSSIBLE AND CROPS IN SRI LANKA WERE DISAPPOINTLY POOR DUE TO DROUGHT. KANAKARATNE ENDED BY SAYING THAT HE BELIEVED THE GSL HAD SOME SPECIAL CALL ON THE US TO MEET COMMITMENT US HAD MADE.

3. SISCO INDICATED HE WAS PERSONALLY AWARE OF SRI LANKA'S SITUATION. HE SAID THE WHOLE FOOD SITUATION WAS COMPLICATED AND VERY DEPRESSING, BUT ABOVE ALL HE HOPED THE AMBASSADOR REALIZED THE DELAY IN OUR RESPONSE WAS NOT POLITICALLY MOTIVATED. HE SAID HE HAD LITTLE TO ADD AT THIS POINT TO WHAT HAD PREVIOUSLY BEEN SAID BUT THAT HE WOULD BE LOOKING INTO THE MATTER PERSONALLY AND HOPED WE WOULD HAVE SOME ANSWER IN COMING WEEKS.

4. IMF/BANK TALKS. THE AMBASSADOR SAID TALKS WITH IMF FOR STANDBY CREDITS HAD BEEN DISAPPOINTING. FUND WANTED MORE ASSURANCES ON WHAT GSL WOULD BE DOING IN NEXT BUDGET. HE SAID THE GSL STILL HOPED TO KNOW SOMETHING BY NEXT WEEK.

5. INDIA/PAKISTAN. IN RESPONSE TO THE AMBASSADOR'S REQUEST FOR OUR VIEW OF DEVELOPMENTS IN SUBCONTINENT, CONFIDENTIAL

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SISCO SAID THAT WE HAD RECENTLY HAD HIGH LEVEL TALKS WITH THE SHAH, THAT WE HAD BEGUN OUR DIALOGUE WITH INDIA, AND THAT WE WERE WATCHING THE INDO-PAK TALKS. ON THE LATTER THE INDIANS AND THE PAKS HAVE IMPORTANT PROPOSALS ON THE TABLE WHICH WE BELIEVE MAY BEAR FRUIT. WE HAVE THE DISTINCT IMPRESSION THAT THE PARTIES ARE DEALING SERIOUSLY WITH THE PROBLEM AND THAT THE SPIRIT ON BOTH SIDES IS GOOD.

6. INDO-US RELATIONS. ON THE US-INDIA DIALOGUE, SISCO NOTED GSL OBVIOUSLY HAD AN INTEREST IN THOSE TALKS PROCEEDING SATISFACTORILY. WE HAVE OPENED NEGOTIATIONS ON THE RUPEE QUESTION AND INDIA IS CONSIDERING OUR PROPOSAL. WE ARE ALSO ENGAGED IN ACROSS-THE-BOARD DISCUSSION ABOUT OUR ECONOMIC RELATIONSHIP--WHETHER, AND IF SO, IN WHAT FORM WE WOULD PROVIDE ECONOMIC ASSISTANCE. OUR PHILOSOPHY IS THAT OUR AID RELATIONSHIP IN THE PAST WITH ALL ITS UPS AND DOWNS HAS NOT BEEN ENTIRELY HEALTHY OR SATISFACTORY. IT WAS SITUATION WHERE WE HAVE PROVIDED AID AND AT THE SAME TIME BEEN TOLD THE AID WAS DISRUPTIVE, NOT SOUGHT, NOR WANTED. IN SHORT, WE DO NOT WISH TO GIVE THE IMPRESSION IN THE FUTURE THAT WE ATTACH MORE SIGNIFICANCE TO OUR AID THAN DO THE INDIANS. WE LOOK TOWARD CLEAR CUT DISCUSSIONS TO SHEAR AWAY POSSIBLE MISUNDERSTANDINGS. WE BELIEVE INDIA SHOULD MAKE IT CLEAR, BOTH PUBLICLY AND PRIVATELY WHAT KIND OF ECONOMIC RELATIONSHIP INDIA WANTS.

7. IRAN. SISCO MENTIONED SWARAN SINGH VISIT TO IRAN AND SAID OUR INFORMATION WAS THAT BOTH GOVERNMENTS ARE QUITE SATISFIED WITH THE VISIT. HE TOLD THE AMBASSADOR THAT THE INDIANS HAD EXPRESSED TO US CONCERN OVER OUR MILITARY SALES TO IRAN AND WE IN TURN HAD DESCRIBED IRAN'S CONCERN OVER INCREASED SOVIET ACTIVITY IN THE AREA. WE ENCOURAGED BOTH PARTIES TO DISCUSS THEIR CONCERNS. IN TEHRAN, THE SHAH HAD TOLD SWARAN SINGH THAT HE WOULD NOT COUNTENANCE ANY DISMEMBERMENT OF PAKISTAN. SINGH HAD REPLIED THAT INDIA HAD NO INTENTIONS IN THAT RESPECT. KANAKARATNE MENTIONED THAT A HIGH LEVEL IRANIAN DELEGATION WOULD BE VISITING SRI LANKA SHORTLY AFTER THE PRIME MINISTER RETURNS FROM OTTAWA AND INDICATED HIS AGREEMENT WITH

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SISCO THAT THE IRANIANS WOULD BE STRESSING THEIR PERSONAL INTEREST IN DEVELOPMENTS THROUGHOUT THE INDIAN OCEAN.

8. SOVIET-INDIAN TREATY: KANAKARATNE ASKED SISCO FOR HIS ASSESSMENT OF THE SOVIET-INDIAN TREATY, SAYING "TREATY MADE US UNHAPPY WITH INDIANS". SISCO REPLIED THAT FROM POLITICAL VIEW INDIANS SEE ADVANTAGE TO TIE, I.E., SOVIET SUPPORT IN INDO-PAK CONTEXT, SOVIET BALANCE TO CHINESE, AND SUPPORT FOR ONGOING SOVIET MILITARY ASSISTANCE. SISCO ADDED THAT WE DO NOT BELIEVE SOVIETS HAVE MADE ANY MAJOR INROADS. WE SEE THE INDIAN DESIRE FOR IMPROVED RELATIONS WITH US AS RECOGNITION THAT GOOD RELATIONS WITH SOVIETS IS NOT SUBSTITUTE FOR GOOD RELATIONSHIP WITH US. THERE IS JUST NO SUBSTITUTE FOR AMERICAN ECONOMIC POWER IN AREA. SISCO NOTED THAT INDIA

WILL NOT BE SATISFIED UNTIL IT IS ACCEPTED AS MAJOR POWER IN EVERY SENSE OF WORD, LIKE US, SOVIET UNION OR CHINA. IF WE ACKNOWLEDGE INDIA IS A POWER IN REGION, IT IS STEP IN RIGHT DIRECTION BUT NOT ENOUGH FOR INDIANS EVEN THOUGH THEY STATE PUBLICLY THEY DO NOT ASPIRE TO BE A WORLD POWER.

9. AFGHANISTAN. KANAKARATNE ASKED WHAT WE KNEW OF THE COUP IN KABUL AND POSSIBLE SOVIET AND INDIAN DUPLICITY. SISCO SAID OUR AMBASSADOR HAD HAD CONVERSATIONS WITH DAUD AND THAT WE WISH TO KEEP CLOSE AND FRIENDLY ECONOMIC AND POLITICAL TIES WE HAVE HAD IN PAST. SISCO SAID DAUD TOLD US NOT TO INTERPRET COUP AS MOVE TO OTHER SIDE, AND THAT HIS GOVERNMENT, TOO, WANTS TO CONTINUE TRADITIONAL POLITICAL/ECONOMIC TIES WITH US. SISCO SAID WE ASKED DAUD ABOUT HIS STATEMENT ON PUSHTUNISTAN. DAUD TOLD US HE WANTS TO SETTLE PUSHTUNISTAN ISSUE PEACEFULLY AND WE PASSED THAT MESSAGE TO PAKISTAN AND IRAN. SISCO SAID WE TAKE DAUD'S WORD AT FACE VALUE BUT WILL BE WATCHING TO SEE IF GOVERNMENT ACTIONS SUPPORT HIS WORD. SISCO

SAID WE HAVE NO EVIDENCE THAT SOVIETS PLAYED ROLE IN COUP. THERE IS, HOWEVER, DIVIDED OPINION ON WHETHER THEY KNEW ABOUT IT IN ADVANCE. TO DE ALWIS' QUESTION ABOUT SIMULTANEOUS RECOGNITION OF NEW REGIME BY INDIA AND CONFIDENTIAL

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SOVIET UNION, SISCO SAID WE NOTICED IT BUT HAVE NO INFORMATION THAT THERE WAS PRIOR CONSULTATION.

10. BANGLADESH AND SIKKIM. KANAKARATNE SAID PRIME MINISTER HERSELF IS WORRIED ABOUT INDIAN INTENTIONS IN AREA. HE CITED INDIAN INTERVENTION IN BANGLADESH AND SIKKIM. IF THIS IS TO BE PATTERN OF INDIAN ACTION, HE SAID WE MUST BE WARY REGARDLESS OF TRADITIONAL GEOGRAPHICAL/POLITICAL/CULTURAL TIES WE HAVE WITH INDIA. KANAKARATNE SAID INDIANS WERE CONCERNED ABOUT GSL RELATIONS WITH PRC AND NOW WITH US. HE ADDED THAT SRI LANKA HAD TRIED TO MAINTAIN RELATIONS WITH ALL BUT WAS EXPOSED GEOGRAPHICALLY. AS AN ASIDE, HE SAID THAT LIBERAL LEADERS (IN INDIA) DO NOT LAST FOREVER AND THAT ISSUE OF SRI LANKA'S CONTINUED INDEPENDENT EXISTENCE WAS MORE IMPORTANT TODAY THAN BEFORE. SISCO REPLIED THAT WE ARE MINDFUL OF SRI LANKA'S CONCERN AND HAVE MENTIONED THESE CONCERNS OF SMALLER NATIONS IN AREA TO GOI.

11. SOVIET UNION. KANAKARATNE ASKED FOR OUR VIEW OF SOVIET DESIGNS IN THE AREA, MENTIONING IRAQI ARMS DISCOVERED IN PAKISTAN. SISCO SAID THE ARMS APPEARED

TO BE AN IRAQI ATTEMPT AT HANKY PANKY; RUSSIAN KNOWLEDGE NOT CLEAR. SISCO CONTRASTED DETENTE TAKING PLACE IN EUROPE AND NON-CONFRONTATION IN MIDDLE EAST WITH SOVIET PROBING OF SOFT SPOTS IN PERSIAN GULF AND SOUTH ASIA. HE SAID RUSSIANS WERE TRYING TO CONSOLIDATE THEIR POSITION IN AREA AND THAT WHILE THEY WOULD NOT GO TO WAR, THEY WOULD CONTINUE USE SUBVERSION TO MAXIMUM EXTENT POSSIBLE. SISCO CITED INCREASED RUSSIAN MILITARY AID TO SYRIA AND CONTINUING MILITARY AID TO IRAQ, RUSSIAN PORT CONSTRUCTION IN IRAQ, POSSIBLE SOVIET MEDDLING IN BALUCHISTAN, AND CUBAN PILOTS AND MIGS IN ADEN. SISCO CONCLUDED BY SAYING US COULD NOT AFFORD TO CLOSE ITS EYES TO WHAT RUSSIANS ARE DOING IN SOUTH ASIA AND THE PERSIAN GULF.

12. MIDDLE EAST. IN RESPONSE TO KANAKARATNE'S QUESTION ABOUT THE MIDDLE EAST PROPER, SISCO SAID WE HOPED UNSYG WOULD BE GOING TO AREA IN AUGUST OR SEPTEMBER. WHILE WE SUPPORT HIM IN ALL HE TRIES TO DO, WE WILL MAINTAIN CONFIDENTIAL

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OUR CONTACTS WITH PARTIES IN COMPLEMENTARY EFFORT TO UN. SISCO SAID WE HAVE SERIOUS DOUBTS ANYTHING WILL BE CONCLUDED BEFORE THE ISRAELI ELECTIONS IN NOVEMBER. ROGERS

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